

LEGISLATIVE AUDIT COMMISSION



Review of
Illinois Community College Board
Two Years Ended June 30, 2004

622 Stratton Office Building
Springfield, Illinois 62706
217/782-7097

REVIEW: 4224
ILLINOIS COMMUNITY COLLEGE BOARD
TWO YEARS ENDED JUNE 30, 2004

FINDINGS/RECOMMENDATIONS - 7

ACCEPTED - 4
IMPLEMENTED - 3

REPEATED RECOMMENDATIONS - 3

PRIOR AUDIT FINDINGS/RECOMMENDATIONS - 5

This review summarizes the auditors' report of the Illinois Community College Board for the two years ended June 30, 2004, filed with the Legislative Audit Commission March 31, 2005. The auditors conducted a compliance examination in accordance with State law and *Government Auditing Standards*.

The Illinois Community College Board (Board) was established in 1965 to create a system of community colleges accessible to every resident of Illinois. Today, the Illinois community college system covers the entire State with 48 community colleges and one multi-community college center in 39 community college districts. The 12-member citizen Board is appointed by the Governor. The Board's powers and duties are defined by the Public Community College Act (110 ILCS 805/2-1 et seq.) The Board's strategic plan pledges seven promises as follows:

- Address workforce development needs with flexible, responsive and progressive programs;
- Offer rigorous courses and programs designed for college and university transfer;
- Expand adult education and literacy programs necessary for individuals and families to have high-quality work and life;
- Equip residents with the technology skills to be successful in the 21st century;
- Emphasize high quality in all programs, services and operations;
- Deliver affordable learning opportunities to the doorstep of Illinois residents; and
- Model and promote leadership and ethical decision making.

In 38 community college districts, locally-elected Boards of Trustees set policies that guide colleges in achieving local and statewide goals. The Board of Trustees of the City Colleges of Chicago is appointed by the Mayor of Chicago. In FY03, the colleges served nearly one million residents through credit (693,285) and noncredit courses (277,289). Almost 36% of community college students participating in credit courses in FY03 were non-white. Colleges awarded 22,976 associate degrees in FY03. Almost 20% of associate degrees were awarded to non-white students in FY03. The average annual cost for tuition and fees for the full-time enrollee was \$1,735.90 in FY04.

REVIEW: 4224

Dr. Joseph J. Cipfl, Jr. was President/CEO until February, 2004. Mr. Geoffrey Obrzut was hired by the Board to serve as president/CEO on January 19, 2004. Mr. Obrzut still serves in that capacity. He had no previous employment with the Board.

The number of full-time equivalent employees was:

	2004	2003	2002
Central Office	29	30	31
DAVTE/Perkins	-	-	4
Preparing Today's Teachers for Tomorrow	1	1	1
Adult Education	10	11	9
Advancing Opportunities	-	-	3
Technical Preparation	-	-	1
Educations-To-Careers	-	-	2
Allied Health	-	-	2
Illinois Community College Online	1	1	-
Illinois Articulation Initiative	-	1	1
GED 2002	-	-	1
Career and Technical Education	8	7	-
Federal Trust	2	1	-
Workforce Training	1	-	-
DCEO Funded Programs	1	-	-
DCFS Funded Programs	1	-	-
TOTAL	54	52	55

Expenditures From Appropriations

The General Assembly appropriated a total of \$417,911,694 to the Illinois Community College Board for FY04. Appendix A summarizes the appropriations and expenditures for the period under review. In FY04, the Illinois Community College Board expended funds from nine funds: the General Revenue Fund; Capital Development Fund; ICCB Contracts and Grants Fund; AFDC Opportunities Fund; ICCB Federal Trust Fund; State College and University Trust Fund; Fund for Illinois' Future; ICCB Adult Education Fund; Career and Technical Education Fund; and Build Illinois Bond Fund. The vast majority of the monies appropriated to the Illinois Community College Board are grants which are awarded to the various community college districts throughout the state. Less than \$2.15 million is used for Board operations.

Total expenditures were \$388,411,726 in FY04, compared to \$417,723,447 in FY03, a decrease of \$29.3 million, or 7%. The decrease was due primarily to the transfer of the Advanced Technology Equipment grant (\$12.5 million) to CMS; the Workforce Development grant decreased by almost \$9 million; some grants were not funded by the General Assembly such as the CORE program and Home Rule Municipalities (\$12 million total); and funding from the ICCB Contracts and Grants Fund decreased \$10 million.

REVIEW: 4224

However, the Career and Technical Education Activities grant increased by \$11.8 million, and a new Hold Harmless base operating grant was funded at \$7.4 million.

Federal expenditures exceeded \$46 million in FY04. Lapse period expenditures in FY04 were about \$2.3 million, or 0.6% of total expenditures. The ICCB made no Efficiency Initiative payments during FY04.

Cash Receipts

Appendix B provides a summary of cash receipts. Cash receipts were \$48,829,976 in FY04, compared to \$57,220,895 in FY03, a decrease of almost \$8.4 million, or 14.7%. Cash receipts decreased in FY04 because the Career and Technical Education program was funded directly from GRF instead of through a grant from the ICCB Contracts and Grants Fund.

Property and Equipment

Equipment transactions during the period under review are summarized in Appendix C. The balance increased from \$1,082,944 as of July 1, 2002, to \$1,230,425 as of June 30, 2004. The balance consists primarily of office equipment.

Grants to Colleges

Appendix D is a list of community colleges and the total amount of grants each received in the fiscal year indicated.

Accountants' Findings and Recommendations

Condensed below are the seven findings and recommendations included in the audit report. Three are repeated from prior audits. The following recommendations are classified on the basis of information provided by Geoffrey Obrzut, President and CEO, via email dated July 12, 2005.

Accepted or Implemented

- 1. Perform a comprehensive review of reporting deadlines to determine if deadlines should be revised. In conjunction with this review the Board should implement rule changes to address a penalty mechanism for all reports not filed by the required deadline in an effort to improve community colleges' compliance with reporting deadlines. (Repeated-1996)**

Accepted - continued

Findings: The ICCB does not receive informational grant reports from some community college districts by the required deadline. The ICCB's Administrative Rules require the community college districts to file informational reports throughout the grant period. During detail testing, the auditors noted 464 of 1,833 informational reports for FY03 were one day to 8.5 months late, and 29 reports were not submitted at all. For FY04, 465 of 1,989 reports were one day to seven months late, and 57 reports were never submitted. The ICCB staff uses these reports to evaluate the effectiveness of grant programs and to plan grant changes for future budget years.

Although the Board routinely reminded the community college officials of the key deadlines of each grant report, delays or lack of submissions continued to occur. The Board has been advised that the internal data reporting systems of some community colleges cannot be closed-out, reconciled, and compiled in time to meet the deadlines. The Board has little recourse to enforce timely filing of the reports due to a lack of a penalty mechanism to impose upon the districts that file late.

Response: The Board concurs with this finding. In order to improve on the due dates of informational reports, the Board will work with the Management Information Systems Advisory Group. This group is made up of college representatives and meets quarterly to assist with system MIS issues. The Board will work with this group to decrease the number of late reports received.

Updated Response: Accepted. Not comfortable in getting legislative approval to apply fines for late submissions of reports. Implementation begun on working with different college groups to decrease late filing of reports.

2. Enforce travel policies regarding the preauthorization of travel and ensure timely filing of Form TA-2. (Repeated-2002)

Findings: When the auditors reviewed 125 travel vouchers, 29 vouchers containing 45 instances of travel were not approved by an authorized employee prior to travel. Thirty-seven of these instances were approved from one to 20 days after the dates of the travel. Eight instances of travel were never approved.

Additionally, the Board did not file the semi-annual headquarter report with the Legislative Audit Commission timely.

Response: The Board concurs with this finding and recommendation. An Employee Travel Guide has been developed so that all staff have a copy of the rules and secretaries are going to be trained to take a bigger part in ensuring all travel is according to ICCB and State policy.

Updated Response: Implemented. The Board has new staff working on pre-audit of all travel and the TA-2 form has been submitted to LAC on time.

3. **Continue efforts to update the disaster recovery plan and implement procedures to ensure that these documents are reviewed and updated on a regular basis. Also, test the disaster recovery plan once the plan is updated, and annually thereafter, and modify the plan, if necessary, based upon the results of those tests. Further, develop and maintain a long-range IS plan and reduce local area network password change interval to 35 days. (Repeat-2002)**

Findings: The Board has not maintained adequate controls over its information systems. The Board does not have a complete, updated disaster recovery plan. No testing of the disaster recovery plan occurred during the audit period. There is no long-range information systems plan, and the password change interval is 60 days.

Response: The Board concurs with this finding. The disaster recovery plan has been updated. The testing plan will be implemented and maintained annually. The long range IS plan will not be complete until the CMS IT rationalization program is finalized. The administrative passwords for the operating system are changed within the 35 day interval.

Updated Response: Implemented. Disaster recovery plan has been completed and tested. Updates will be made annually, as needed.

4. **Establish written procedures to ensure performance evaluations are performed in a timely manner. Follow-up with supervisors to ensure compliance with these procedures.**

Findings: The Board did not perform employee evaluations in accordance with Board policy. For 13 employee records reviewed, 12 of 13 employee performance evaluations were not performed in accordance with Board policy for FY03 and FY04.

Response: The Board concurs with this finding. The Human Resources Director will ensure that all evaluations are done timely.

Updated Response: Accepted. Fiscal year 2005 evaluations are nearly complete.

5. **Work with the Governor's Office to ensure the Board vacancies are filled in a timely manner.**

Findings: For six of the 24 months under review, the Board did not have its full complement of 12 members.

Accepted - concluded

Response: The Board concurs. The Board has been working with the Governor's Office to remind them that we are not in compliance with the ACT. However, the ability to appoint Board members is with the Governor and the Senate.

Updated Response: Accepted. Three members were appointed to the Board in May. There is currently only one position vacant.

6. Comply with the Public Community College Act by taking the necessary measures to ensure that the biennial filing adheres to the March 1 deadline.

Findings: The Board did not submit its Biennial Report to the General Assembly by March 1, 2003 as required. The Board filed its 2001-2002 comprehensive study of the status of community college education with the General Assembly in July 2003.

Response: Implemented. The Board concurs with the finding and the 2005 report was filed on March 1, 2005.

7. Amend policies to require exempt employees to maintain time sheets in compliance with the State Officials and Employees Ethics Act.

Findings: The auditors noted that the Board's 39 exempt (non-civil service) employees did not maintain time sheets as required by law. Exempt employees' time is tracked using a "negative" timekeeping system whereby the employee is assumed to be working unless noted otherwise. Non-exempt employees and Board members report their time on time sheets using a "positive" timekeeping system.

Updated Response: Accepted. The switch to the "positive" time keeping system is in process and will be completed in August 2005.

Emergency Purchases

The Illinois Purchasing Act (30 ILCS 505/1) states, "The principle of competitive bidding and economical procurement practices shall be applicable to all purchases and contracts..." The law also recognizes that there will be emergency situations when it will be impossible to conduct bidding. It provides a general exemption for emergencies "involving public health, public safety, or where immediate expenditure is necessary for repairs to State property in order to protect against further loss of or damage ... prevent or minimize serious disruption in State services or to insure the integrity of State records. The Chief procurement officer may promulgate rules extending the circumstances by which a purchasing agency may make 'quick purchases', including but not limited to items available at a discount for a limited period of time."

REVIEW: 4224

State agencies are required to file an affidavit with the Auditor General for emergency procurements that are an exception to the competitive bidding requirements per the Illinois Purchasing Act. The affidavit is to set forth the circumstance requiring the emergency purchase. The Commission receives quarterly reports of all emergency purchases from the Office of the Auditor General. The Legislative Audit Commission is directed to review the purchases and to comment on abuses of the exemption.

During FY03 and FY04, the Board filed no emergency purchase affidavits.

Headquarters Designations

The State Finance Act requires all State agencies to make semiannual headquarters reports to the Legislative Audit Commission. Each State agency is required to file reports of all of its officers and employees for whom official headquarters have been designated at any location other than that at which their official duties require them to spend the largest part of their working time.

The Illinois Community College Board indicated as of July 2004 that there were two employees assigned to locations other than official headquarters.